

**31A-21-102. Oral contracts of insurance and binders.**

(1) "Binder" means a writing which describes the subject and amount of insurance and temporarily binds insurance coverage pending the issuance of an insurance policy. "Binder" does not include conditional receipts by life insurance companies under which issuance of the policy or coverage under the policy is contingent upon the acceptability of the risk to the insurer.

(2) Binding oral contracts of insurance may only be made as to casualty insurance, liability insurance, property insurance, vehicle liability insurance, workers' compensation insurance, and as to combinations of these coverages. The insurer shall issue a policy or binder as soon as reasonably possible after negotiation of any oral contract under this subsection.

(3) No binder is valid beyond the issuance of the policy as to which the binder was given, or beyond 150 days from the binder's effective date, whichever occurs first.

(4) If a policy has not been issued as to a binder, the binder may be extended or renewed beyond 150 days, but only upon the commissioner's written approval, or under rules adopted by the commissioner.

(5) A binder may be cancelled by the insurer prior to its expiration date only in the same manner as and subject to the same restrictions that apply to insurance policies under Section 31A-21-303.

Amended by Chapter 261, 1989 General Session